

SENATE BILL 2640

By Black

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 27, Part 2 and Title 67, Chapter 10, Part 1, relative to health savings accounts for state employees.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-27-201(c), is amended by deleting the subsection in its entirety and by redesignating the remaining subsections accordingly.

SECTION 2. Tennessee Code Annotated, Title 8, Chapter 27, Part 2, is amended by adding the following as a new section:

§ 8-27-212.

(a) As used in this section, unless the context otherwise requires:

(1) "Eligible employee" means a state employee, as defined in § 8-27-201, covered by a high deductible health plan individually or with the employee's dependent, and who receives contributions from the employee's employer into the employee's health savings account;

(2) "Health savings account" or "account" means a trust established to pay the qualified medical expenses of an eligible employee or the employee's dependents and which consists of the contribution made by an eligible employee or on behalf of an employee by the employee's employer;

(A) "High deductible health plan" means a health plan with:

(i) In the case of self-only coverage, an annual deductible that is not less than one thousand dollars (\$1,000), and the sum of the annual deductible and other out-of-pocket expenses required

to be paid under the plan for covered benefits does not exceed five thousand one hundred dollars (\$5,100); or

(ii) In the case of family coverage, an annual deductible of not less than two thousand dollars (\$2,000), and the sum of the annual deductible and other annual out-of-pocket expenses required to be paid under the plan for covered benefits does not exceed ten thousand two hundred dollars (\$10,200);

(B) A plan shall not fail to be treated as a high deductible health plan by reason of failing to have a deductible for preventive care or, in the case of network plans, for having out-of-pocket expenses or annual deductibles for services provided outside the network that exceed the limitations in this section; and

(4) "Trustee or custodian" means a bank, insurance company, or other financial institution duly authorized by law to provide services necessary to implement and administer health savings accounts.

(b) The state insurance committee established in § 8-27-101 shall establish and approve a high deductible health plan for full-time and part-time state employees that is combined with a health savings account. The account shall meet the requirements and limitations of the federal provisions relating to the Medicare Prescription Drug, Improvement and Modernization Act of 2003, pursuant to 42 U.S.C. § 1395m. The state may contract with a trustee or custodian to administer the health savings account. The high deductible health plan may be offered by a health maintenance organization under contract with the state.

(c) An employee electing to participate in a high deductible health plan shall be eligible to receive an employer contribution into the employee's health savings account in an amount to be determined by the general assembly for each fiscal year.

(d) If an employee becomes employed with a different employer that participates in a health savings account program, the employee may transfer the employee's health savings account to that new employer's trustee or custodian, or to an individually purchased account program.

(e) For the 2010-2011 fiscal year and each subsequent fiscal year, the state's monthly contribution for eligible employees shall be established by the general assembly in the general appropriations act.

(f) An employee participating in a high deductible health plan shall be eligible to deposit the employee's own funds into a health savings account.

(g) The trustee or custodian shall utilize the funds held in a health savings account to pay the medical expenses of the eligible employee or the employee's dependents, to purchase a long term care insurance contract or policy, or to supplement an employee's income received from retirement benefits.

(h) The monthly premiums paid by the employer for an eligible employee's participating in a high deductible health plan shall include an amount equal to the monthly employer contribution authorized by the general assembly for that fiscal year.

SECTION 3. This act shall take effect January 1, 2011, the public welfare requiring it.